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U.S. DISTRICT COURT
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REC'D
CAMERON S. BURKE
CLERK. IDAHO

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF IDAHO

In re:) Chapter 11
Sawtooth Enterprises, Inc.) Case No. 96-3050
Debtor.) **ORDER REJECTING LEASES**

This matter having come before the Court on January 13, 1997 based upon the Debtor's Motion to assume or reject certain real property leases. Appearances at the hearing were as follows: Joseph M. Meier on behalf of the Debtor in Possession; Art Berry on behalf of Arthur Berry & Co.; David Wishney on behalf of the Sonna Building; Alan Cameron on behalf of Black Bear, Inc.; Derrick O'Neill on behalf of the Margaret Mead Trust; Pat Collins on behalf of Bank of America; and Terry Myers on behalf of Paul Reed, a potential buyer.

The Debtor's Motion having been filed on December 24, 1996. The Debtor's Motion having further provided that certain post-petition defaults having accrued pursuant 11 U.S.C. §365 and that the rejected leases are entitled to an administrative expense priority for all rent accrued from the date the petition was filed, November 27, 1996 through the

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date of the entry of this Order or January 26, 1997 (60 days from the date the petition was filed). Margaret Mead Trust having filed a conditional objection to Debtor's Motion and Bank of America having filed an objection to Debtor's Motion and the matters having been resolved at hearing;

IT IS HEREBY ORDERED AND ADJUDGED as follows:

1. That the lease entered between Margaret Mead Trust and the Debtor on February 9, 1995 regarding space at 8647 Fairview Avenue, Boise, Idaho (the initial lease being executed by Shilo Development and subsequently assigned to Margaret Mead Trust) and the lease dated May 3, 1996 between Express Building, L.L.C., landlord and the Debtor are hereby rejected under 11 U.S.C. §365(b).

2. It is further ordered that those two landlords shall receive an administrative expense priority in this proceeding on all rent which has accrued after November 27, 1996 through the date of this Order or January 26, 1997 which ever first occurs.

IT IS FURTHER ORDERED that regarding the Margaret Mead Trust lease that the Debtor and Buyer shall not remove the following personal property located in that leasehold, which terms are acceptable to the buyer of the personal property located in that leased premises:

A. The front counter located at the front of the premises, however, the display units shall be removed from that counter;

B. All tract lighting;

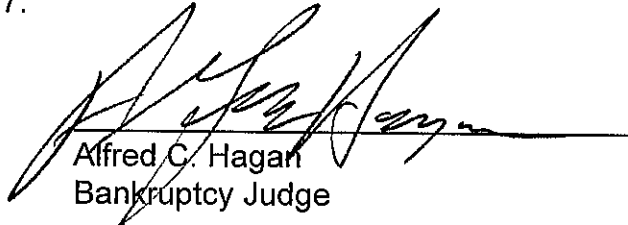
C. Margaret Mead Trust, or its agent, shall be entitled to review the removal of other personal property from the premises to insure it is removed in accordance with the

terms of the lease.

IT IS FURTHER ORDERED that the objection to the payment of the administrative expense priority from Bank of America's cash collateral as requested by Debtor in the Motion for Approval of Sale of Personal Property, filed on December 24, 1996 is hereby sustained and that Margaret Mead Trust and the Express Building, L.L.C. shall not receive any payment of its administrative expense priority from the proceeds of the sale of personal property located on the premises.

IT IS FURTHER ORDERED that the issues concerning the Debtor's Motion to assume two separate leases shall be addressed in a separate order.

DATED this 17th day of January, 1997.


Alfred C. Hagan
Bankruptcy Judge

C.C. Mead (2)
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